

**Follow-Up of Department Control Review
Sheriff-Coroner Cash Disbursements –
Trust Funds, Special Appropriation Funds,
Revolving Funds and Flash Fund
Audit No. 2235**

As of September 30, 2004

REPORT DATE: December 30, 2004

Audit Number 2440

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INTERNAL AUDIT DEPARTMENT

**Follow-Up of Department Control Review
Sheriff-Coroner Cash Disbursements – Trust Funds,
Special Appropriation Funds, Revolving Funds and Flash Fund
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Transmittal Letter

Audit No. 2440

December 30, 2004

TO: Michael Carona
Sheriff-Coroner

FROM: Peter Hughes, Ph.D., CPA, Director
Internal Audit Department

SUBJECT: Follow-Up of Department Control Review of Sheriff-Coroner Cash Disbursements –
Trust Funds, Special Appropriation Funds, Revolving Funds and Flash Fund,
Audit No. 2235

We have completed a follow-up examination of cash disbursements in the Sheriff-Coroner Financial Administrative Services Division and certain outlying divisions over processes involving trust funds, special appropriation funds, revolving funds, and the flash fund. Our examination was limited to reviewing, as of September 30, 2004, actions taken to implement the recommendations made in our audit report dated March 4, 2003.

Respectfully Submitted,

Peter Hughes, Ph.D., CPA
Director

Other Recipients of this Audit Report:

Members, Board of Supervisors
Members, Audit Oversight Committee
Foreman, Grand Jury
Thomas G. Mauk, County Executive Officer
Doug Storm, Assistant Sheriff, Sheriff-Coroner/Special Services
Linda Robinson, Director, Financial/Administrative Services
Jane Reyes, Assistant Director, Financial/Administrative Services
Nicole Macias, Financial Officer, Financial/Administrative Services
Darlene J. Bloom, Clerk of the Board of Supervisors



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INTERNAL AUDITOR'S REPORT

Audit No. 2440

December 30, 2004

Michael Carona
Sheriff-Coroner
550 N. Flower Street
Santa Ana, CA 92703

We have completed a follow-up examination of cash disbursements in the Sheriff-Coroner Financial/Administrative Services Division and certain outlying divisions over processes involving trust funds, special appropriation funds, revolving funds, and the flash fund. Our examination was limited to reviewing, as of September 30, 2004, actions taken to implement the recommendations made in our audit report dated March 4, 2003.

The original audit report contained sixteen recommendations. Our review indicated thirteen recommendations have been fully implemented, two recommendations are in process, and one recommendation is partially implemented. We commend the Financial/Administrative Services Division on the actions taken to implement the recommendations pertaining to their area. We believe our recommendations are still appropriate and further efforts should be made to fully implement them. The audit report recommendations that have not been fully implemented are noted below along with a comment on the current status. The item number from the March 4, 2003 report is shown in parentheses after each heading.

1. **Fund Reconciliation** (Item II.C.1.)

Recommendation No. 11:

Financial/Administrative Services ensure outlying divisions prepare and submit monthly fund reconciliations, and supervisory review of the fund reconciliation be documented.

Current Status: **In Process.** The outlying divisions (Operations Support Division, Training Division – Katella Facility, and South Operations) are not reconciling their petty cash revolving funds to the authorized amounts on a monthly basis. To assist the outlying divisions with this task, Financial/Administrative Services has created a standard form for reconciling the petty cash revolving funds and is in the process of having the form reviewed and approved. Once approved, Financial/Administrative Services will provide the form to the outlying divisions with guidance on completing the reconciliation. In addition, Sheriff's Audit Team visits the outlying divisions approximately twice a year and performs an independent reconciliation of the petty cash funds to the authorized amounts.

DRAFT REPORT

Sheriff-Coroner Planned Action:

During August and September 2004, Financial/Administrative Services conducted purchasing classes for Sheriff's Department division personnel involved in the purchasing process. During the classes, County and Departmental policies and procedures involving petty cash purchases were discussed and handouts distributed. As noted above, a reconciliation worksheet has been prepared by Financial/Administrative Services and when final approval is obtained, will be distributed to division personnel responsible for completing the periodic fund reconciliations along with a cover letter reemphasizing the basic petty cash procedures.

2. Safe Combinations and Key Holders (Item II.D.2)

Recommendation No. 14

Financial/Administrative Services develop a written policy on maintaining and changing keys and safe combinations and ensure the policy is communicated and implemented in outlying divisions.

Current Status: **In Process.** Financial/Administrative Services has developed a detailed written policy on maintaining and changing keys and safe combinations for their division. The Facility Operations Division, which is responsible for keys/safes in the outlying divisions, does not have a written policy, but is in the process of creating a policy manual that will include a policy on changing keys and safe combinations.

Sheriff-Coroner Planned Action:

Upon completion of the Department-wide key policy, Financial/Administrative Services Division will draft a memo relating to the policy for distribution within the Department.

3. Cancellation of Support Documentation (Item II.E.)

Recommendation No. 15

Financial/Administrative Services and outlying locations ensure supporting documentation is appropriately canceled when monies are disbursed.

Current Status: **Partially Implemented.** Although Financial/Administrative Services has provided the outlying divisions with Petty Cash Reimbursement Procedures, which instructs the divisions to stamp their invoices "paid" before submitting them for reimbursement, we found that the outlying divisions (Emergency Management, Training – Katella Facility, and Operations Support) are not consistently stamping their invoices "paid."

Sheriff-Coroner Planned Action:

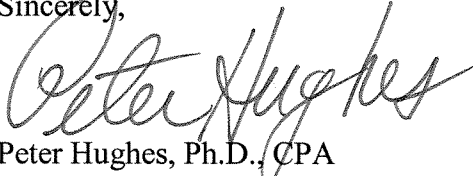
Financial/Administrative Services will prepare a memo for distribution within the Sheriff's Department reemphasizing the various petty cash procedures, including the canceling of supporting documentation prior to submission to Financial/Administrative Services for reimbursement.



DRAFT REPORT

We appreciate the cooperation and assistance extended to us by the Sheriff-Coroner personnel in Financial/Administrative Services and the outlying divisions during our review.

Sincerely,



Peter Hughes, Ph.D., CPA
Director, Internal Audit Department

Distribution: Pursuant to Audit Oversight Committee Procedure No. 1
Members, Board of Supervisors
Members, Audit Oversight Committee
Foreman, Grand Jury
Thomas G. Mauk, County Executive Officer
Doug Storm, Assistant Sheriff, Sheriff-Coroner/Special Services
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